DOCUMENT RESUME

ED 452 377 CE 081 644

TITLE	From Jobs for Workers to Workers for Jobs: Better Workforce Training for Minnesota. A Citizens League Research Report.
INSTITUTION	Citizens League, Minneapolis, MN.
PUB DATE	1999-11-00
NOTE	44p.; Report by the Citizens League Committee on Workforce Training, Roger Hale, chair. Additional materials related to this study are available in full text: http://www.citizensleague.net/studies/workforce/index1.htm and http://www.citizensleague.net/studies/workforce/index2.htm.
AVAILABLE FROM	Citizens League, 708 S. Third St., Suite 500, Minneapolis, MN 55415 ($10). Fax: 612-337-5919.For full text: http://www.citizensleague.net/studies/workforce/report1.htm.
PUB TYPE	Reports - Evaluative (142)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	Basic Skills; Career Guidance; Education Work Relationship; Educational Finance; *Educational Needs; *Employment Patterns; Employment Programs; *Futures (of Society); High School Graduates; Job Placement; *Job Training; Labor Force Development; Labor Market; Labor Needs; Postsecondary Education; Public Policy; Skilled Occupations; *Statewide Planning; *Technical Education
IDENTIFIERS	*Minnesota

ABSTRACT

In the face of the emergence of a global, technology-driven, skills-based economy and a continuing shortage of skilled labor in Minnesota, a study examined the development of a world-class training system for the state's workers and businesses. The study found the following: (1) there is an urgent need to address the high-skill needs of both employers and workers; (2) in the area of work force training, public agencies and programs are largely geared to the old model of unemployment reduction despite changing labor conditions and the skill demands of the new economy; (3) employers mostly provide short-term training to meet specific needs; (4) too many high school graduates lack the basic skills needed in the workplace and the foundation in mathematics and science to go into many high-skill occupations; (5) students need more exposure to the work world and stronger career counseling; (6) Minnesota's public postsecondary institutions are not meeting the large-scale needs of employers or workers; and (7) publicly-funded training programs for unemployed and disadvantaged workers are seen as services to individuals in need and not as parts of the state's work force training strategy. Among recommendations were for the state legislature to establish a "training czar"; to invest in training already employed workers; and to encourage the creation of virtual universities. (KC)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 452 377

CITIZENS LEAGUE

From Jobs for Workers to Workers for Jobs

Better Workforce Training for Minnesota

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☑ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

November 1999

P. Jenni

BEST COPY AVAILABLE

The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption.

CE0816444

A Citizens League Research Report

From Jobs for Workers to Workers for Jobs

Better Workforce Training for Minnesota

A report by the Citizens League
Committee on Workforce Training

Roger Hale
chair

November 1999

CITIZENS LEAGUE
708 S. 3rd St., Suite 500, Minneapolis, MN 55415
ph: 612/338-0791 fax: 612/337-5919
info@citizensleague.net www.citizensleague.net

From Jobs for Workers to Workers for Jobs

Better Workforce Training for Minnesota

Table of Contents

Executive Summary.....i

Introduction.....1

Findings.....3

Conclusion.....17

Recommendations.....18

Appendix.....28

Executive Summary

Although Minnesota's economy is strong now, our state faces some fundamental challenges to long-term prosperity.

The first challenge is the emergence of a global, technology-driven, skills-based economy. The second challenge is a continuing shortage of skilled labor.

This report examines one issue that is critical to keeping our state competitive in the face of these two trends: the development of a world-class training system for Minnesota's workers and businesses.

Finding #1: ***Minnesota's new economic and demographic conditions create an urgent need to address the high-skill needs of both employers and workers.***

The emerging high-skills economy and the labor shortage have combined to exert unique pressures on both employers and workers. Employers cannot get the skilled employees they need, and workers without skills are destined for the ranks of the working poor.

Minnesota's labor shortage is particularly severe in high-skill positions. Faced with a lack of skilled workers, the state's businesses will be forced to scale back their operations or, in some cases, relocate to areas with more available workers.

Higher skills are also mandatory for a prosperous workforce. In a rapidly-churning, technology-driven economy, workers without skills or the ability to acquire them will be left behind.

Finding #2: ***When it comes to workforce training, public agencies and programs are still largely geared to the old model of unemployment reduction despite changing labor conditions and the skill demands of the new economy.***

With a few exceptions, the state and nation have faced a labor surplus for most of this century. As a result, public policy has historically focused on creating and attracting jobs for workers who need them.

State economic development and employment security agencies remain formally charged with addressing unemployment. Public dollars are focused almost entirely on addressing the needs of unemployed and disadvantaged workers. Little money is spent on the incumbent workforce.

Finding #3: ***Employers are providing training, but it is mostly to meet short-term and specific needs.***

Employers are providing an increasing amount of training, but it is largely to meet the focused needs of a specific job or business. While larger employers are generally able to provide training to workers, small and medium-sized firms often lack the resources to meet their skill needs.

Finding #4: ***Too many K-12 graduates lack the basic skills needed in the workplace and the foundation in math and science necessary to go into many high-skill occupations.***

Employers report that too many students are leaving our education system unprepared for entry-level jobs. Although Minnesota compares well with other states by many measures of student performance, too many students are not studying as much math and science as the new economy

demands. High average performance also conceals the serious need to improve achievement in inner city schools and with minority students.

Finding #5: ***Students need stronger career counseling, direction, and exposure to enter the workforce or pursue the further training they need for high-skill, high wage jobs.***

Career guidance and counseling in the K-12 system can play a critical role in aligning the supply of new workers with employers' skill demands.

The problem is not a lack of information on careers and academic opportunities. There is a good and increasing amount of information available for students. The central challenge is providing young people the help and guidance they need to take advantage of the information and resources that already exist.

School-to-work programs have the potential to expose students to the workplace, but current efforts fall short of reaching students consistently and at the necessary scale.

Finding #6: ***While there are some notable examples of flexibility and responsiveness, Minnesota's public post-secondary institutions are not meeting the large-scale needs of employers or workers.***

Despite some good individual programs, the Minnesota State Colleges and Universities (MnSCU) system, the state's largest provider of technical training, is not currently performing at the level needed by the economy.

Critical gaps exist in the supply of skilled workers in key industries. With funding based on enrollment, there is little incentive to prepare workers for any particular shortage occupations needed by our economy.

Although there have been some innovations to provide for incumbent workers, the MnSCU system is largely focused on traditional students. In addition, incumbent workers are often unaware of training opportunities that may exist for them.

An additional challenge is a strong cultural bias in favor of traditional four-year colleges, even though other training options can lead to high-skill, high-paying careers.

Finding #7: ***Publicly-funded training programs for unemployed and disadvantaged workers are seen as services to individuals in need and not as parts of the state's workforce training strategy.***

Training programs for disadvantaged workers are often treated as another service provided as part of the state's "safety net" for citizens and communities going through times of economic hardship. There are multiple programs operating under a range of funding arrangements and rules.

Evaluations of publicly-funded training programs for disadvantaged workers have generally been lackluster.

Recommendations:

Recommendation #1: In order to improve overall system coordination and accountability, the Legislature should establish an independent "training czar" to set and coordinate policies to meet the state's current and future workforce needs.

The Legislature needs to create a training czar to serve as an external coordinating authority, independent of existing agencies, to pull together the many programs that already exist and hold them accountable for meeting the workforce's needs.

Once a training czar is created, the Legislature should also take steps to formally reorient state programs toward the goal of continuously increasing the skills of the workforce.

Resources should also be reallocated toward identifying and filling worker supply and skill gaps. Programs should be independently reviewed to evaluate their performance in meeting the needs of a high technology, high-skill workplace.

Recommendation #2: The Legislature needs to invest in increasing the skills of the incumbent workforce and support such investment by employers.

The Legislature should develop alternative funding sources to support training for incumbent workers. Public dollars should be targeted at key industry clusters and at small and medium-sized firms.

Programs should be developed to provide incumbent workers with more information on training opportunities. Retraining older workers and keeping them in the workforce should also be a priority.

Recommendation #3: The Legislature needs to support improvements in the K-12 system to better align the long-term educational pipeline with the needs of the new economy.

The Legislature needs to continue to support high academic standards to boost student performance.

Career guidance and the quality of career counseling needs to be improved. The Legislature should support programs to create new, innovative, and flexible ways of connecting students to the large body of information that is already out there.

School-to-work efforts should continue and should be expanded.

The Legislature needs to broaden current higher education outreach programs to convince parents, teachers, and counselors, that a four-year college is not the only way to get a high-paying, high-skill career.

Recommendation #4: The Legislature needs to give the MnSCU system more incentives and flexibility, coupled with more accountability, to meet the skill needs of incumbent workers and prepare new workers for the needs of the new economy.

Customized training programs should be expanded and developed. This expansion should include more of an effort to collect information about outcomes. MnSCU will also need to ensure that workers can receive some

kind of credit for their participation in customized training programs.

The Legislature should also provide incentives to institutions, through funding based on performance, to meet workforce needs. Financial incentives to students, through scholarships or loan repayment arrangements, can also encourage greater preparation for critical occupations needed by our economy.

In order to create more flexible training opportunities, the Legislature should encourage the development of virtual universities in Minnesota and expand the ability of private, for-profit training providers to enter the individual training market.

Recommendation #5: The Legislature needs to orient training programs for disadvantaged and unemployed workers toward bringing individuals into the workforce.

Pulling more people into the workforce through training programs for disadvantaged workers will be a key part of meeting our state's labor needs.

Special attention should be paid to the needs of recent immigrants, a significant and growing segment of our workforce. English as Second Language, in particular, is one primary challenge.

Welfare-to-work policies should be structured with more flexibility to permit some welfare recipients to pursue additional training in order to secure meaningful, long-term employment.

Introduction

Minnesota and the Twin Cities have a lot going their way right now. Minnesota's unemployment rate is the lowest in the nation. The Twin Cities has had the lowest unemployment rate of 51 metropolitan regions in the nation. Wages are comparatively high in Minnesota and going up, thanks to a strong economy. One new study shows that Minnesota ranks near the top in 28 different measures of worker well-being.[1]

If things are going so well, why is workforce training an important issue for Minnesota?

Minnesota is facing several fundamental challenges that will force the state to substantially improve its workforce training capabilities if it hopes to compete globally and maintain economic growth.

The first challenge is adapting to a new, global, high technology, high-skills economy.

One can't help but notice the dramatic shift taking place in the economy. As the Citizens League documented in its *Compete Globally, Thrive Locally* report, the globalization of commerce and the expansion of technology have redefined what it takes for a region to prosper. In the most dramatic shift since the industrial revolution, information-based industries are displacing manufacturing as the principal engine of economic activity. Growth is now driven by high technology and knowledge-based businesses, and a region's economic success rests on the ability to capture these sectors.

The new economy is not just about high technology firms replacing traditional industries. Even traditional industries are becoming increasingly dependent on technology to improve production and speed up operating decisions. Where a nation or region's economic success once depended on the presence of natural resources and the infrastructure to take advantage of them, it now rests on intellectual resources and the presence of people who have the skills to create and build on new ideas.

The competitiveness of a region in the new economy is directly dependent on the quality of its workforce. Excelling in the new economy demands a substantial and continuing increase in the skills of every worker.

The second, and related, challenge to Minnesota is dealing with a continuing, long-term labor shortage.

As we continue developing a high-skills economy, the state and region must do so with proportionately fewer new workers. Over the coming years, the growth of the state's workforce is not expected to keep up with growth in new jobs (1.1 percent compared with 1.5 percent annually, respectively). "The gap between these two figures," said a recent report by the State Demographer's Office, "represents an unmet demand for workers."[2]

This labor shortage is primarily the result of shifting demographics, very high workforce participation rates, and a mismatch between the skills of workers and the requirements of Minnesota's changing economy. As a result, we can expect it to be a long-term feature of our state and region's economy. The Citizens League's 1998 report, *Help Wanted: More Opportunities Than People*, discussed this issue at great length, pointing out that "left unchecked, the labor shortage will affect the region's ability to grow."

The intersection of these two dynamics- a new high-skills economy and a long-term labor shortage- poses significant challenges and opportunities to the state and region. Foremost among them will be our ability to nurture economic growth by building, supporting, and enhancing workforce training capabilities to respond to and support the type of growth and development driven by the market.

---

[1] *State Rankings*, Minnesota Department of Economic Security, 1999.

[2] "Minnesota labor shortages are likely to continue," *PopBites*, Minnesota Planning, May 1999.

Faced with a lack of workers with the needed skills, the reality of the new economy is that businesses, freed by technology from relying on physical location, will go where the skills are available. The question is whether Minnesota is willing and able to make the necessary adjustments to retain the skilled, high paying jobs that are essential to long-term prosperity.

A critical factor in keeping our state competitive in the new global economy and in the face of a chronic labor shortage will be our ability to improve the skills of our workforce. The underlying challenge is to develop a world-class training system.

One way to stay competitive in the new economy is to provide workers with the skills they need for workplace innovation and the application of new technologies. Developing higher skills in current and future workforces must be a priority in order to keep Minnesota's businesses competitive and maintain a high quality of life for Minnesota's residents.

When discussing matters of workforce skills and economic growth, it is also important to balance short-term training with long-term education, and the immediate needs of employers with the broader needs of society. This committee has been charged with making recommendations to the Legislature to address both the long-term and short-term issues that have resulted in a gap between the number of trained workers needed by employers and the number being produced by our public and private training systems.

As discussed in the *Help Wanted* report, there are many actions that should be taken to address the labor shortage, including improvements in transportation, housing, and benefits for workers. Tapping the potential of older workers to stay in the workforce and their ability to contribute in high-skill areas is also critically important.

The focus of this report is on the workforce training element of meeting the labor shortage. This report hopes to shine light on issues more closely related to workforce skills and training that benefits workers, employers, and society. In doing so, this report also includes several items that address long-term needs with regard to education and workforce preparation.

Findings

Finding #1: ***Minnesota's new economic and demographic conditions create an urgent need to address the high-skill needs of both employers and workers.***

The new economy and the labor shortage have combined to exert unique pressures on both employers and workers. Employers cannot get the skilled employees they need and workers without skills are destined for the ranks of the working poor. The welfare of each depends on a workforce training system that can give workers the skills they need in the new economy.

The need for these skills is particularly acute in an economy with too many jobs and not enough workers. Our diverse economy has always produced a wide variety of jobs requiring different skill levels and offering different wages. The difference today is that our economy is producing more jobs that require some form of post-secondary training or education.

For example, even given the labor shortage, employment in computer programming and services in the Twin Cities grew 70 percent from 1993 to 1997, fueling an industry payroll increase of more than 100 percent ($696 million to $1.64 billion) in just four years.[3] Industry-wide, jobs in computer and data processing services are expected to increase by 123 percent from 1996-2006, adding more than 38,000 jobs, by far the largest rate of increase and largest increase in total jobs in any industry in the state.[4]

From 1996 to 2006 the state expects to see one million net job openings (400,000 newly-created jobs plus another 600,000 net replacement openings, mostly from retirements). The Minnesota Department of Economic Security (MDES) estimates that more than half of these openings (roughly 500,000 jobs) will require some post-secondary training or education.[5]

With so many job openings competing for workers, some jobs will inevitably go unfilled. Unfortunately, it appears that many skilled jobs will go begging, which is a new phenomenon for employers in the state.

The difficulty employers are reporting in finding workers in information technology (IT) fields is one prominent illustration of the severity of this skilled worker shortage. In one 1998 study by MDES, 57 percent of employers reported difficulty finding IT workers and 42 percent indicated that shortages have limited their ability to fill work orders or complete contracts.[6]

The shortage of skilled workers cuts across many fields. An informal poll by MDES showed a statewide need for many computer-related positions (including systems analysts, computer programmers, network administrators and computer support specialists) along with welders, electricians, and machinists. Individual regions have been experiencing shortages in particular industries as well. For example, the Twin Cities metropolitan region is facing shortages in skilled machine tradespeople, moldmakers, and nurses/lab technicians.[7]

Minnesota has never had to deal with a shortage of skilled workers of this magnitude. In the past, employers created a proportionately smaller number of high-skill jobs relative to the pool of people with proper training for these jobs. Today, there are countless employer anecdotes lamenting a shrunken applicant pool for both high-skill and low-skill jobs.

Low-skill, entry-level jobs are a very important source of income for new entrants to the

---

[3] Todd Graham, "Silicon Prairie employment changing in composition," *Regional Employment Review*, Spring 1998.

[4] Job growth stats taken from MDES website, see "Fastest-growing Industries, Minnesota 1996-2006," and "Industries Adding the Most Employment, Minnesota, 1996-2006."

[5] Minnesota Department of Economic Security, *Minnesota Employment Outlook to 2006*, 1999.

[6] Minnesota Department of Economic Security, *Beyond 2000: Information Technology Workers in Minnesota*, May 1998.

[7] Minnesota Department of Economic Security, *Worker Shortages in Minnesota*, Nov. 1997. The survey polled Workforce Center/Job Service staff.

workforce, and the state should continue to work to move people into those positions. However, without dismissing the low skill end of the labor market, the state needs to focus more attention on the labor needs of those industries that will drive economic growth and create high wage jobs in the future. Focusing on high-skill needs will also create more opportunity further down the ladder, as vacancies are created when individuals move up into higher skill positions.

In the new economy, public policy needs to focus on filling high-skill openings, particularly those in high technology and high-value industry clusters that make up a large and growing part of the Minnesota economy.

High technology products and services is one such industry cluster in Minnesota. One 1997 study ranked Minnesota 13th nationwide in high technology exports and high technology employment, with almost 109,000 high technology workers who earned an average of $42,600 in 1995. High technology merchandise exports made up more than half of Minnesota's exports that year, totaling $4.6 billion.[8]

Five industry clusters in the Twin Cities, including computers and software, printing and publishing, financial services, medical devices, and machinery and metalwork, offer higher than average wages and have led the region in job growth and wage growth.

But the state's key industry clusters are bumping up against a lack of skilled labor. Printing, for instance, is one of the strongest industries in the state, employing about 57,000 workers and generating sales of more than $6 billion a year. The shortage of skilled workers is curtailing the industry's continued success. According to a report by the industry, some printers have been forced to scale back expansion plans and equipment upgrades. Others have come to rely on temporary workers, while reporting instances of as few as two applicants for 200 openings.[9]

Higher skills are also mandatory for a prosperous workforce.

Just as employers are struggling to fill high-skill jobs, workers are discovering that having the right skills is the only way to obtain good wages in the new economy. Economist Lester Thurow has aptly framed the issue: "For individuals, here are three words: skills, skills, skills. The economic prospects of those without skills are bleak." As the economy shifts from brawn to brains, Thurow has argued, the needs of the bottom two-thirds "are particularly acute."[10]

While countless jobs are available in Minnesota's lush market, not all jobs offer a way out of poverty or a career ladder to higher-paying jobs. The state must ensure that *all* workers become skilled so both workers and employers are able to take advantage of the economic opportunities of the new economy. Failing to do so will put a crimp on potential economic output and provide low-skill workers with a one-way ticket to poverty.

As the new economy continues to take shape, significant churning is occurring throughout the workforce, even in high technology fields. For instance, while overall computer and IT jobs in the Twin Cities grew by 12,242 from 1993 to 1997, more than 8,000 computer manufacturing jobs were lost during this time.[11] In this kind of volatile job market, workers need to have the skills to properly adapt to and take advantage of changing circumstances.

Failing to address the shift to a high-skills economy will erode the region's competitiveness and lead to stagnation and the loss of high-end jobs.

[8] *Cyberstates: A State-by-State Overview of the High-Technology Industry*, American Electronics Association, 1997.

[9] MN Printing and Education Parthership, "Best in Class", draft report dated 3/25/99.

[10] Lester Thurow, "Building Wealth: the new rules for individuals, companies, and nations" *Atlantic Monthly*, June 1999, p. 69.

[11] Todd Graham, "Silicon Prairie employment changing in composition," *Regional Employment Review*, Spring 1998.

Faced with a steepening demand for labor, the market has responded in different ways to address its need for workers, particularly in high-skill areas. Because the stakes are getting higher, and the applicant pool smaller, employers are pulling out all stops to hire new talent, including salary and benefit increases, signing bonuses and other perks. Some companies have stepped up their efforts to hire talent away from other companies.

Employers are also attempting to expand the pool of workers by attracting skilled workers to the state from elsewhere. The Minnesota High Technology Association and the Minnesota Department of Trade and Economic Development have both undertaken marketing efforts to lure skilled workers from other states. Employers are also trying to bring in more skilled workers from other countries.

But such efforts to expand the pool of workers are short-term efforts to overcome immediate labor shortages, and do little to address the state's long-term needs.

The danger is that businesses will choose between two courses of action that are equally bad for Minnesotans: moving work to where the labor exists or lowering their economic expectations and allowing available work to go uncaptured. Some companies have already begun to move jobs to locations with surplus skilled labor. For instance, one Minneapolis firm recently opened two offices (employing half of the firm's employees) in India due to the shortage of IT workers in the Twin Cities and the availability of skilled workers in India.[12]

Although relocating a business is always a complicated decision, some companies have suggested that recent moves out of Minnesota are due, at least in part, to the tight labor market. Hutchinson Technology, a manufacturer of components for computer disk drives, has expanded in Wisconsin and South Dakota in part because of the shortage of skilled workers in Minnesota.[13] One Twin Cities software company is planning to expand in South Dakota rather than risk losing employees in the competitive Twin Cities job market.

Some businesses are simply forced to turn away from growth opportunities. A survey of IT companies revealed that more than 40 percent of firms said the lack of available skilled workers has affected their ability to fill work orders and pursue new business opportunities. "For many employers, the dearth of (IT) workers means not being able to fill contracts; for others, it means not being able to aggressively pursue new business opportunities."[14]

[12] David Stamps, "Crunch time for IT employees," *Training*, May 1999.

[13] "Hutchinson tech will cut 500 jobs: company says some work will move to other locations," *St Paul Pioneer Press*, Augsut 5, 1999.

[14] Minnesota Department of Economic Security, *Beyond 2000: Information Technology in Minnesota*, May 1998.

Finding #2: ***When it comes to workforce training, public agencies and programs are still largely geared to the old model of unemployment reduction despite changing labor conditions and the skill demands of the new economy.***

No single public entity is explicitly responsible for setting and coordinating policy to address the high-end job vacancies facing employers and the skill needs of the workforce.

With a few exceptions, the state and nation have faced a labor surplus for most of this century. Public policy has historically focused on the demand side of the labor equation: creating and attracting jobs to Minnesota for workers who need them.

The formal missions of the Minnesota Department of Economic Security (MDES) and the Department of Trade and Economic Development (DTED) still largely reflect the old realities of a labor surplus and the need to reduce unemployment. MDES's statutory purpose reads:

> The department of economic security has broad responsibility to increase the economic independence of Minnesotans with special effort toward those who are currently unemployed or who face special disadvantages in the labor market. The department shall develop employment policies and link training and employment-related services with temporary income replacement and income maintenance programs, veterans' programs, workers' compensation, vocational and post-secondary education, federal income insurance programs, and economic development programs.[15]

The statute goes on to declare that the public policy of the state of Minnesota is to deal with the "serious menace" of unemployment, with no mention of the need to create and develop a skilled workforce for the state's economy.[16]

Similarly, DTED's mission is geared toward creating jobs and lowering unemployment. The department's mission is "to employ all of the available state government resources to facilitate an economic environment that produces net new job growth in excess of the national average."[17] Economic development efforts continue to focus on attracting and creating new jobs rather than investing in workers and creating the workforce the state needs and will continue to need in the future.

To be sure, attention does need to be paid to the significant pockets of unemployment that remain in Minnesota, particularly in the central cities and in some rural areas. The persistent lack of economic opportunities in certain areas of the state is and will continue to be a complex challenge to the state's long-term prosperity.

With that said, the state continues to dedicate resources and orient programming as if a lack of jobs were the *only* challenge facing Minnesota. The vast majority of state-funded programs for adult training continue to concentrate on displaced and disadvantaged workers. In one recent analysis, MDES identified total expenditures of almost $280 million ($90 million in state money and $190 in federal funds distributed by the state) for unemployed and otherwise disadvantaged workers.[18]

In one response to the shortage of labor, the Minnesota Department of Economic Security has made a substantial effort in recent years to track labor market information and identify areas of job growth. Unfortunately, no state agency has made as much progress in evaluating the supply side or measuring the long-term pipeline of skilled workers for the occupations that are being forecast.

---

[15] Minnesota Statute 268.0121

[16] Minnesota Statute 268.03

[17] Minnesota Statute 116j.011

[18] Minnesota Department of Economic Security, Summary of training programs provided by Sandra Seemann in correspondence dated 4/1/99.

Very little public money is spent on the largest segment of the adult worker population, incumbent workers.

State demographers have repeatedly pointed out that 80 percent of the people who will be working in 2005 are already in the workforce. Unfortunately, with public programs focused on addressing the problem of unemployment, the training needs of incumbent workers are left to their employers or to the workers themselves.

There are signs of a shift in public dollars for training programs. During the 1999 session, for example, the Legislature approved a fairly dramatic shift in training funds from the Dislocated Worker Program to the Job Skills Partnership (JSP), which leverages public resources to help employers partner with higher education institutions to provide customized training for incumbent employees. In the last four years, JSP has seen a seven-fold increase in biennium funding from $4.5 million to $30 million.

However, despite this kind of shift, the system as a whole is still formally focused on creating and attracting new jobs rather than improving the skills of our workforce. This focus is not the result of bureaucratic indifference or mistakes by public employees. It is fundamentally the consequence of an old paradigm that no longer reflects the challenges facing Minnesota. Any reorientation that is occurring is taking place informally and without clear direction from the Legislature.

Finding #3: ***Employers are providing training, but it is mostly to meet short-term and specific needs.***

Employers have been spending more in recent years on training. Between 1993 and 1998, annual training expenditures by companies with 100 or more employees increased by 26 percent nationwide, to $60 billion.[19] Employers in Minnesota currently spend about $2 billion annually on training. While training expenditures are accelerating, most employer-sponsored training is done to meet job-specific needs rather than to provide basic, transferable skills.

The amount of training provided by employers tends to increase with the size of the firm.[20] Large firms have proven willing and financially able to invest in training for their employees. One source estimated 90 percent of all training expenditures are accounted for by less than one percent of firms.[21] Research shows that employer-sponsored training increases with company size, probably because larger firms are able to spread fixed costs out over a larger pool of workers needing different kinds of training.[22]

On the other hand, smaller firms, with limited training budgets and smaller staffs, are generally less likely to provide formal training to employees. As a result, many smaller employers struggle to meet their needs for skilled workers.

Some businesses are involved in forward-looking training partnerships with educational institutions to address long-term labor and training needs. However, many employers do not appear to be seeing the need to get involved in these activities at the scale necessary to meaningfully contribute to the workforce.

---

[19] Industry Report 1998, *Training*, October 1998.

[20] Bureau of Labor Statistics, Monthly Labor Review, June 1998.

[21] *No One Left Behind: The Report of the Twentieth Century Fund Task Force on Retraining America's Workforce*, Twentieth Century Fund.

[22] John Barron, Mark Berger, Dan Black, *On the Job Training*, Upjohn Institute for Employment Research, 1997.

Investments in training are clearly in the interest of employers. The American Society for Training and Development found that companies that increased their training expenditures and used innovative training practices saw better overall financial performance in terms of sales and performance in the stock market, among other measures.[23]

Training also plays a strong role in retaining employees, a critical challenge to any business in such a tight labor market. One study found that 8 in 10 workers rated training as "very important" or "important" in their decision to stay with a company.[24] Another study found that only 12 percent of employees receiving excellent training opportunities plan to look for another job within the next year, versus 41 percent of those with poor training.[25]

Finding #4: ***Too many K-12 graduates lack the basic skills needed in the workplace and the foundation in math and science necessary to go into many high-skill occupations.***

As the foundation for further learning and employment, the quality of K-12 education is a central part of our state's long-term ability to respond to the new economy and help employers achieve higher productivity in light of the labor shortage.

While some employers are satisfied with the quality of the state's high school graduates, many lament the lack of skills among some applicants for entry-level positions.

One statewide survey found that nearly 80 percent of employers said that they faced difficulty filling some openings due to a lack of skills among applicants. In the same survey, nearly a third of employers reported that some job applicants are not prepared for positions requiring at least a high school diploma.[26] In another survey in the Twin Cities area, 56 percent of human resource managers and 77 percent of customer service managers said only some high school graduates have the skills needed for entry-level jobs.[27]

The committee also heard that too many students in Minnesota do not have the proper background in math and science to pursue post-secondary education and enter many skilled career fields.

Minnesota's primary and secondary education system continues to compare well to other states. In the Third International Mathematics and Science Study (TIMSS), Minnesota high school seniors scored above the national average in science and math.[28]

---

[23] "Training investment can mean financial performance" *Training and Development*, May 1998.

[24] "What Workers Really Think About Training," *Training*, September 1998.

[25] "Train Em if You Want to Keep Em" *Inside Technology*, July-August 1999.

[26] Minnesota Business Partnership/Employers Association, 1998 Employer Education Survey.

[27] Readiness for the Workplace: a ReliaStar Survey Documenting the Gap Between School and Work, 1994.

[28] SciMathMN, Minnesota 12th Grade Results, Third International Mathematics and Science Study (TIMSS), April 1999.

However, the globalization of economic activity demands that we look at how well we are doing compared to our international competitors. Minnesota seniors scored slightly below the international average in math and only slightly above average in science.[29]

In addition, Minnesota has lower than average participation rates in math and science classes. On average, the countries participating in TIMSS had 79 percent of their seniors taking math courses. In Minnesota, only about half of seniors reported taking a math class. Science course taking in Minnesota is also below the international average, with 54 percent of the state's seniors reporting enrollment in a science class, versus an international average of 67 percent.[30]

Average or below average results are not good enough for Minnesota to stay competitive in the face of a persistent labor shortage and a changing global economy.

Minnesota's high statewide average scores also conceal the serious need to improve performance in inner city schools and with minority students. For instance, Minnesota as a state tends to do better than average on the periodic National Assessment of Education Progress (NAEP) tests. However, when broken down by race, Minnesota's African American students at grade four scored higher than only California and Washington DC, and tied with Arkansas for third worst in the nation.[31] Minnesota's minority students also face higher than average dropout rates.

Minority students will make up an increasing proportion of our K-12 population in the coming years. It will be imperative that we pay more attention to improving their academic performance in order to secure our state's economic future.

Finding #5: ***Students need stronger career counseling, direction, and exposure to enter the workforce or pursue the further training they need for high-skill, high-wage jobs.***

Career guidance in the K-12 education system can play a critical role in aligning the supply of new workers with employers' skill demands by helping students identify career opportunities in growing high-skill fields.

There is an increasing amount of good information available to help students make career choices. MDES, for instance, produces a range of publications geared at providing students with career and educational information. Another recent innovation is ISEEK, the Internet System for Education and Employment Knowledge. This online information resource, a cooperative effort by a number of state agencies, is a very strong tool for guiding students in career and academic choices.

What students need most is assistance in using the large body of information that is available. Unfortunately, anecdotal evidence and the little data that are available on K-12 counseling suggest that counselors are overwhelmed with demands on their time. Asked to provide personal, academic and career counseling to hundreds of students, counselors' attention is usually focused on dealing with students' personal crises and getting students in the right classes when they come for help. Little time is left for helping students align their skills and interests with the projected employment market in particular fields. Patrick Fitzgerald, director of counseling for St. Paul Schools, told the committee that counseling excellence does take place, but it occurs randomly and without any real program.[32]

Exit surveys of the Minnesota graduating class of 1997 showed that more than 40 percent said counseling for career planning, school work, and for personal needs was average or worse,

[29] Ibid.

[30] Ibid.

[31] SciMathMN fact sheet: "How are we doing? A fact sheet on the current status of Minnesota K-12 mathematics education."

[32] Patrick Fitzgerald, director of counseling, St. Paul Public Schools, testimony, June 22, 1999.

with close to one out of five saying it was below average or failing.[33]

As a result of the state's graduation standards, Minnesota's students will be receiving more guidance in career planning. It is important that this guidance be consistent and developed as part of a larger strategy to prepare students for the future.

School-to-work programs have the potential to expose students to the workplace, but current efforts fall short of reaching students consistently and at the necessary scale.

Congress passed the School to Work Opportunities Act in 1994 to help K-12 systems plan and establish partnerships with businesses in order to improve the work-readiness of students. School-to-work offers significant opportunities to engage all students in more diverse and comprehensive learning settings and has been shown to be successful in some instances.

But school-to-work activities are somewhat unfocused. There are many different school-to-work initiatives in Minnesota, with different goals, curricula, and delivery models. While many students participate in some career awareness activities under the auspices of a school-to-work program, only limited numbers are involved in work-based learning or programs based on sustained partnerships between schools and businesses.

In fact, no one is quite sure how many students are involved in school-to-work activities and whether those activities involve career exploration and development or work-based learning. Little comprehensive data on school-to-work is available on a state or national level. 44 partnerships have been established in Minnesota, involving every school district in the state, and the state is in the midst of evaluating these partnerships. However, hard data on such things as the number of students and businesses involved or systemwide costs is not being tracked, mostly because school districts said such time-consuming efforts were better dedicated to strengthening partnerships.[34]

Despite the urgent need for greater involvement, a relatively small number of businesses are involved in school-to-work partnerships. Few companies recognize the correlation between the supply of workers and the need to invest in education. As a result, only 1 in 18 companies is involved in any formal partnerships with local K-12 districts, and these partnerships are often of low intensity, such as a single site visit.[35]

School-to-work also has received "mixed support" from K-12 faculty, according to Woody Cox, team leader for the Division of Lifework Development for the Department of Children Families and Learning (CFL). Many teachers, he said, "have not bought into the school-to-work concept."[36]

Bill D'Amour, school-to-career coordinator for Minneapolis Public Schools, told the committee that schools face the greatest difficulty in implementing school-to-work in filling the intermediary role and acting as a liaison with businesses. The widely-heralded Voyager program at Edison High School worked well because the Minneapolis Chamber contributed a staff person. Most school systems cannot afford a staff position for so few students, he said.[37]

Confounding the problem even more is that the parties involved in these partnerships are very wary and suspicious of the other. One series of 24 focus group meetings with employers, K-12 teachers, and college education professors revealed a lack of trust between business and education. The report

[33] The 1997 Minnesota High School Follow-Up Survey: Statewide Overview, Department of Children, Families and Learning, 1998.

[34] Kristin Norman Majors, Department of Children Families and Learning, personal communication with Ron Wirtz.

[35] Lynne Osterman, workforce development coordinator, Employers Association, Inc., testimony, June 29, 1999.

[36] Personal communication, April 13, 1999.

[37] Bill D'Amour, School-to-Career coordinator for Minneapolis Public School, testimony, June 29, 1999.

noted there was "mutual suspicion evident during the focus groups. In many cases, this suspicion was clearly articulated."[38]

David Olson, president of the Minnesota Chamber of Commerce, noted, "School-to-work can and should make a difference in Minnesota -- but it will take a different level of participation from leaders in business, labor and education than we've been accustomed to in the past."

Finding #6: ***While there are some notable examples of flexibility and responsiveness, Minnesota's public post-secondary institutions are not meeting the large-scale needs of employers or workers.***

Like the K-12 education system, Minnesota's public higher education system serves a variety of needs beyond preparing workers. However, some attention needs to be paid to examining the role that the public post-secondary system plays in meeting our economic needs.

This report focuses in particular on the Minnesota State Colleges and Universities (MnSCU). As the state's largest provider of vocational and technical training services, MnSCU is and will continue to be a central piece of meeting the state's high-skill workforce needs.

Where employers have well-defined needs and resources, the MnSCU system has been able to respond with training programs for incumbent workers. One feature that is addressing the training needs of employers is customized training, in which an educational institution develops a training program specifically targeted to the needs of an employer, whose workers will be the main consumer of the program. One education expert noted that she has heard "rave reviews" for MnSCU's customized training programs.[39]

Currently, 31 of the 36 MnSCU institutions participate in customized training. In 1997-98, the system provided training to about 3,179 employers and 100,000 employees in a range of fields.[40] In the Twin Cities, 11 MnSCU colleges enrolled 35,000 in customized training.

Customized training is funded by employer contracts, with public dollars provided to coordinate activities. Last year, the state spent

[38] *The Education Industry Report: Workforce Issues and Linkages*, State and Local Policy Program, Hubert H. Humphrey Institute of Public Affairs, Sept. 1998, p. 22, 23.

[39] Becky Kelso, Upgrade Minnesota director, Minnesota High Technology Association, personal communication with Ron Wirtz.

[40] Minnesota State Colleges and Universities, *Real Impact: MnSCU on Main Street*, January 1999.

a little over $8.5 million to support customized training programs through MnSCU. This amount was increased to $11 million for fiscal years 2000 and 2001. It still represents less than 2 percent of the MnSCU's total budget.

One criticism of customized training is that workers do not always receive credit for their participation. This occurs, in part, when training needs run up against union rules that govern the provision of courses for credit.

Unfortunately, the lack of credit can limit the ability of workers to build upon their training. Although customized training participants come away from the training with enhanced skills, the lack of any formal credential for their work can hinder attempts by workers to carry their training over to a formal program at a community or technical college.

An additional obstacle to customized training's potential is the sheer lack of information about the overall effect of the approach. Because customized training is driven by employer requests, evaluation has rested on the satisfaction of the client. There is little information available on its overall impact on the skill level of the workforce. MnSCU officials report that a system for tracking this kind of systemwide information is currently in development. Collecting this information should help determine the extent to which customized training can be part of a systematic economic development or workforce training approach.

Despite the potential of customized training, the public higher education system is not currently serving the training needs of employers or workers on the scale that is needed.

Beyond customized training, some institutions within the Minnesota State Colleges and Universities system have taken programmatic steps to better serve employers, adult learners, and incumbent workers. For instance, Normandale Community College has developed an innovative vacuum technology program in partnership with local employers. Itasca Community College has developed a number of strategies to build informal relationships with local businesses. Numerous other colleges, including Century College and Dakota County Technical College, have started offering courses in high-demand areas and on flexible schedules to accommodate incumbent workers. By taking these kind of steps, these and other colleges have created the opportunity for many workers to prepare for high-skill, high-wage careers.

Given the strong job market, higher education institutions are reporting strong placement rates. For example, placement rates of graduates from technical colleges throughout the state are typically above 80 percent for most programs, with many reaching 100 percent placement rates.[41] Comprehensive data on placement rates of other public higher education institutions are not available (at least from a centralized source), but anecdotal evidence indicates that job placements rates for graduates from community and four-year colleges are similarly high.

With high placement rates, the system is succeeding in getting students into jobs. Nonetheless, many high-skill, high-wage positions remain open.

For instance, the Printing Industry of Minnesota has estimated there are 1,000 openings statewide in the printing industry at any one time in occupations that offer promising wages and advancement opportunities. However, only 276 individuals graduated from the 18 institutions in the MnSCU system that offer programs in printing and graphics.

One additional issue is that in this period of high employment and general prosperity, not enough qualified people have any incentive to enter the training programs that will prepare

[41] Minnesota Department of Economic Security and the Minnesota State Colleges and Universities, *Minnesota Consumer Report on Vocational Technical College Programs*, 1997.

them for the high-skill openings that are going unfilled. Some anecdotal evidence suggests that training programs for some shortage occupations are going unfilled due to a lack of applicants. A lack of knowledge of the opportunities and rewards for upgraded skills and financial and other constraints on pursuing training are among the factors that limit the flow of people into skills training programs.

There are serious limitations with current data on the supply of skilled workers for various occupations. Until this data is clearer, it will be nearly impossible to determine how well the system is meeting our state's needs. Nonetheless, what we have seen indicates that the supply of workers from the public higher education system will fall significantly short of our needs over the coming decades.

Outside of customized training programs, the institutions are geared at meeting the needs of traditional students rather than the demands of the economy. Of course, our public higher education system should be responsive to students, and it would be inappropriate to suggest that our colleges should disregard students' interests or needs.

However, to the extent that the state sees its public institutions as vehicles for economic development, the Legislature should be structuring incentives to reward schools that succeed in meeting workforce needs.

Minnesota's public higher education institutions remain geared toward full-time traditional students and not incumbent workers

State funding for higher education is based on enrollment, which favors traditional full-time students. As a result, the state's higher education system, particularly its four-year institutions, is geared mostly toward preparing young adults for their first entry into the labor force, and most programs are still designed for serving students in a traditional academic track.

The same focus on traditional students also shows up with respect to financial aid. In fact, Joe Sertich, president of Itasca Community College, noted that incumbent workers are effectively penalized with respect to financial aid *because* they work while going to school.[42]

Another example of the focus on traditional students is the Legislature's decision to shift the state's colleges and universities to the semester-based calendar. Although traditional students have adapted to the new schedule, it can pose very real problems for incumbent workers, who may not be able to accommodate the longer periods of time required under the longer schedule. Beverly Ferguson, associate vice president for academic affairs at Metropolitan State University, said in a recent article, "Students have adjusted quite well, but there is no doubt in my mind that semesters are not particularly advantageous for working adults."[43]

Despite some strong examples of successfully responding to the needs of the local employers, the system as a whole is not giving workers the skills they need at the scale that Minnesota's economy demands.

With funding based on enrollment, Minnesota's colleges and universities have no real incentive for responding to the demands of the economy. While they compete for students, there is no incentive for institutions to prepare these students for any particular needs in the economy. As a result, the system expresses concern for meeting the skill needs of the workforce and some institutions create some exemplary programs, but the system as a whole lacks the urgency to take action at the scale our changing economy needs.

As a public system, MnSCU responds to the direction that is given to it by the Legislature. Innovations in the system occur, but without clear direction or incentives from the Legislature. In fact, legislative decisions, like the decision to shift to a semester-based

[42] Joe Sertich, president of Itasca Community College, testimony, June 15, 1999.

[43] "Mixed blessing," Star Tribune, Lifelong Learning supplement, June 1999.

calendar, sometimes directly conflict with being more responsive to workforce demands.

In addition to securing a better return on the public investment, increased responsiveness can mean more money for the higher education system from employers. The $2 billion that employers spend annually on training represents a huge market for the state's system which only customized training programs are beginning to tap. At a time when the public higher education system faces chronic underfunding, failure to capture a greater share of this growing market is a lost opportunity for the higher education system.

Policy makers and the public still see two-year technical and community colleges as the step-child of the higher education system despite meaningful opportunities for careers requiring only two-year degrees.

In today's job market there are many good-paying jobs outside of the traditional four-year college track. Unfortunately, the messages young people receive today overwhelmingly emphasize four-year college as the best (and sometimes the only) route to success, despite the reality of an economy in which a two-year degree, and sometimes less, can lead to a high-paying job. The executive director of the American School Counselor Association has noted:

> "It's impossible to swim against the tide of this college-is-the-only-thing mind-set...Even blue collar workers who are earning a good income for their family say 'I want my kids to go to college'...We know that a whole lot of good jobs in the future are going to be jobs that don't require a four-year college education; we've allowed a mass deception to take hold in our schools."[44]

Yet in spite of our "college-or-nothing" attitude, only 44 percent (and apparently declining) of those entering a four-year program will actually receive a baccalaureate degree, according to the New York-based College Board, and 18 percent of those who do end up in jobs that do not require such credentials.[45]

Anecdotally at least, a fair number of students also appear to be doing a "reverse transfer" -- leaving a four year institution to attend a two-year college in order to obtain a professional certificate or degree.[46] Frank Starke, president of Dunwoody Institute, a private technical college, said that one-third of that institution's students are graduates of four-year colleges seeking to develop professional skills they did not acquire in the traditional academic track.[47] Similar trends have been noted at the state's public technical colleges.

Those students who do pursue four-year degrees are generally not studying the subjects that the new economy needs.

Of fields that *do* require a four-year degree, the areas of greatest job growth require preparation in computer science, engineering, and mathematics, according to Dr. Kenneth Keller of the Humphrey Institute. These are the fields that will form the research infrastructure for the new economy, creating the new technologies that will be applied throughout industry.

However, students are not choosing to study these subjects at the scale needed. Rather than entering fields like the physical sciences, engineering, and computer science, students are headed more into the social sciences and "general interest" majors.

---

[44] Nancy Perry, executive director of the American School Counselor Association, quoted in "Blue-Collar Blues," *Training*, May 1998.

[45] Bruce Lindberg, Inver Grove Community College, citing Bureau of Labor Statistics study, "Labor market of future doesn't depend on more workers with B.A.s," *Star Tribune*, May 7, 1999.

[46] Minnesota Planning, *Degrees of Excellence: Higher Education in Minnesota*, August, 1997.

[47] Frank Starke, President, Dunwoody Institute, testimony of 6/21/99, noted that 1/3 of Dunwoody's students are college graduates.

For instance, 848 bachelors degrees were awarded in engineering and 268 in mathematics in Minnesota in 1996. By comparison, 1,393 degrees were awarded in psychology and 2,513 were awarded in the social sciences.[48] To be sure, these data alone present an incomplete picture, but they suggest that not enough students are being prepared for careers in the fields that form the foundation of the high technology economy.

Of course, the point is not to dismiss the importance of a liberal education or to suggest that individuals can only contribute to the economy by becoming engineers or scientists. However, it is in the state's interest to see that a greater number of students enter the areas that are important to keeping Minnesota competitive in the new economy.

Finding #7: ***Publicly-funded training programs for unemployed and disadvantaged workers are seen as services to individuals in need and not as parts of the state's workforce training strategy.***

Building career ladders for disadvantaged workers is more difficult than ever for community-based training providers. Because the booming economy has brought most workers into the workforce, training organizations for disadvantaged workers are dealing with lower skills and greater levels of dysfunction among clients. Training providers in two focus groups consistently said that the populations they serve have increasingly poor skills and face an array of complex barriers to securing meaningful work.[49]

Under the current system, training is often treated as another service provided as part of the public "safety net" for citizens and communities going through times of economic hardship. The focus is on providing a service to an individual who needs it. Different programs have evolved to respond to different economic circumstances and address the needs of groups of people. New programs have sometimes replaced old ones and sometimes operated in addition to them.

As a result, there are multiple funding sources with different sets of rules and requirements supporting a highly decentralized system involving nonprofit organizations, public institutions, and private firms. MDES recently identified 60 different training programs for disadvantaged and dislocated workers within 12 state agencies.[50] Evaluations of publicly-funded training programs for disadvantaged workers have generally been lackluster, including one national study that found only marginal earnings increases for trainees over time.[51]

---

[48] "1996 Graduates by Specific Program and Program Length," IPEDS data from Higher Education Services Office.

[49] Focus group of non-profit and public training and employment providers, April 28, 1999.

[50] Jim Korkki, Assistant Commissioner, Workforce Preparation Branch, Minnesota Department of Economic Security, testimony, July 6, 1999.

[51] Larry Orr, *Does Training for the Disadvantaged Work? Evidence from the National JTPA study*, Washington, DC: Urban Institute Press, 1996.

As a result of their orientation on meeting the needs of individual participants, most programs for disadvantaged workers do not end up being part of the state's workforce development strategy. They are generally viewed as part of the state's service for people in need.

This is not to say that training programs for disadvantaged workers should disregard the individual interests of clients. Successful job placement needs to be based on a consideration of a trainee's interests as well as local labor markets. However, when the goal of a program is only to improve the employment prospects and earning potential of individual participants, there is little need to consider the extent to which the program is or is not contributing to the overall economy's supply of skilled labor.

Successful training programs for disadvantaged workers are characterized by strong linkages to employers and the demands of the labor market. After an exhaustive multi-state analysis of public training programs, the Northwest Area Foundation concluded:

> Most successful workforce development programs attempt to be more market-driven, viewing employers as their customers. This approach seeks to help employers find employees with appropriate skills and attitudes for specific jobs. Employer-driven organizations take responsibility for customer satisfaction: both the employer and the client must be satisfied with the outcome.[52]

By most accounts, many training programs for disadvantaged workers do have fairly regular contact with businesses regarding job openings, useful skills and other information. In recent years, the Department of Economic Security has also made progress in providing community-based training programs with information on labor markets in order to help individuals enter fields that present meaningful employment opportunities. What's missing, however, are ongoing, formal relationships between businesses and non-profit and public training programs that view the unemployed as a potential pool of workers and not just as a group in need of services.

One successful local demonstration of this employer-driven focus is a partnership started last year between Goodwill/Easter Seals and TCF Financial Corporation to train welfare recipients for banking jobs. The bank helped design the training curriculum and pledged to take the program's graduates to fill chronic vacancies for tellers and other bank jobs. The program has been so successful that other banks are lining up to participate.

But other obstacles face non-profit and public training providers in achieving better outcomes for disadvantaged workers. Increasingly, employment counselors are not afforded the time to do the kind of personalized consultation necessary for success. Much of their time is consumed by paperwork that often leaves little time for employment-specific training and counseling.[53] A survey of 200 welfare workers by Dayton Hudson Foundation "revealed that most felt swamped by paperwork and caseloads and frustrated they could not spend enough time with each individual."[54]

---

[52] Northwest Area Foundation, *Building Communities of Opportunity*, July 1997.

[53] Citizens League focus group with non-profit and public employment and training providers, April 28, 1999.

[54] McKnight Foundation "Work expands, time does not," April 1999, citing the Dayton Hudson Foundation, Social Action Report, 1999.

Conclusion

On paper, there are many training opportunities available for workers at all levels. Significant resources are spent trying to better connect young people to the workplace and higher education, disadvantaged workers to job opportunities with career ladders, and employers to customized training programs. It seems at every level of the training supply system, there are pilot programs underway to help better align training efforts with employers' needs. During the course of its work, this committee heard numerous examples of successful, exemplary programs at nearly every level of the system.

The problem is that the many efforts underway are not addressing the skill needs of the workforce at the level necessary. With multiple opportunities and connecting points, there is a need for systemwide coordination to link workers, employers and training providers together in dynamic training partnerships at all levels.

At the K-12 level, there are some strong examples around Minnesota of individually successful programs to prepare students for careers. However, too many students are still leaving high school without the preparation they need to enter the workforce. School-to-work initiatives have been limited by inconsistency and the lack of brokers to bring schools and businesses together on a sustained basis.

In the higher education system, customized training has demonstrated strong potential to meet future skill needs in the workplace. Unfortunately, it currently exists to respond to specific employer requests, without any clear role in a worker's long-term development. No one is responsible for bringing employers and higher education institutions together for a much more extensive, accessible, system-wide partnership, and no one works to connect students to training opportunities on the scale needed. Without a broker the job of leadership falls on instructors and business people whose main job is *something else*.

Training programs for disadvantaged workers report having more contact with businesses than ever before. Unfortunately, despite the success of some individual programs, it is still unclear how they are contributing to the state's overall workforce needs.

Incumbent workers may be the most impacted by the lack of coordination in current workforce training efforts. When workers currently receive training, it is largely to meet short-term and specific needs. Many workers have little information about the skills they may need to advance and, in a strong economy, minimal incentive to seek out skills training. Those who do pursue training find a higher education system that is oriented toward traditional students.

In short, workforce training activities in Minnesota take place without a clear focus on the needs of the new economy and without any strong coordination to connect the various players with each other on a consistent or large scale level. As a result, despite many successful individual programs and projects, we are left with an overall system that is falling short of meeting the skill needs of Minnesota's employers and workers.

Recommendations

The vision behind the recommendations is for a system with students who are well informed about career options, who know what it takes to pursue specific careers, who have experience in worksites before graduation from high school, and who can pursue a skills training program that is high quality and accessible.

The vision also involves a system which provides incumbent workers with more opportunities for improving their skills through high quality training opportunities adapted to workers needs and schedules.

Much of this training will need to be done through strengthened partnerships between public, business and community partners, with good information on progress toward agreed upon goals.

Recommendation #1: In order to improve overall system coordination and accountability, the Legislature should establish an independent "training czar" to set and coordinate policies to meet the state's current and future workforce needs.

No single agency or individual is currently responsible for planning for the state's future workforce needs and identifying gaps between the needs of employers and the supply of skilled workers. Current agencies and programs remain largely focused on creating jobs and attracting new jobs to the state, even though a lack of jobs is no longer as serious an issue as it once was for Minnesota. Although many individual efforts are underway in state government to adapt to the new economy, there is a lack of systematic focus and coordination. Further, the different government agencies that have an impact on workforce training often have other responsibilities for different policy issues that can compete with attention for workforce training needs.

- **Someone needs to be clearly given the *responsibility* and *authority* to set policy and consolidate or coordinate the various state efforts to meet the needs of employers and workers.**

This might be accomplished in a variety of ways. Some states, like Texas, Michigan, and Missouri, have formally restructured their employment, education, and economic development agencies to consolidate all workforce training functions and programs under a single agency or administrative head.

Rather than completely rebuilding the many agencies involved in this effort, one good approach would be to designate a single person to coordinate workforce-related programs. This workforce training czar would need to be independent of existing state agencies.

Wisconsin has taken this approach through the designation of a cabinet-level adivsor to the governor responsible for workforce policy. Another option might be to provide greater responsibility to the Governor's Workforce Development Council to coordinate state programs. The Council could be empowered in this task by acting as a funding approval authority for addressing strategic skills shortage areas, for example.

Creating a training czar does not mean that service delivery should be centralized, or that every local effort should have to be approved by a single office. Locally based delivery system can be the most effective way to meet local needs and encourage innovation. The idea is not to create a new layer of government or to duplicate existing programs.

The goal should be to have an individual who is clearly responsible for the entire system's performance and who is able to oversee the entire range of programs that make up the state's workforce training effort, including MDES, DTED, MnSCU, and CFL.

The training czar approach will only succeed with strong support from the Governor and clear authority to bring about needed results by directing existing state agencies to modify or eliminate programs or training efforts that are not meeting the state's needs.

- **State policy needs to be based on an overarching focus on future workforce needs and the skill needs of incumbent workers. Resources should be redeployed toward identifying worker supply and skill gaps.**

Once someone is clearly identified as coordinating the state's workforce needs is identified, the Legislature should clearly and explicitly re-orient workforce training programs toward the goal of a continuous process of increasing the skills of workforce, of responding to the current and future needs of the economy, and boosting the state's intellectual capital.

A major focus of the state's policy in this area needs to be the collection and coordination of data on labor markets and the long-term supply of skilled labor. MDES currently has a strong system for the collection and forecasting of labor market and employment data. Equal attention should be paid to identifying long-term supply trends to better inform policy and budgeting decisions.

The state will need to develop a broad, interagency system to collect data on participants in the many educational and training programs that are operated throughout the state. One model for such a system is the Florida Education and Training Placement Information Program, which pulls together data from every state agency involved in training or education to provide a single clear source of information on training outcomes.

- **One of the key roles for this new agent should be to serve as a broker between the many different parties, to provide individuals with the right information and to connect employers with training providers.**

Any agency or individual charged with overseeing the state's career and workforce development efforts should also be clearly charged with brokering relationships between employers and the training system. In Texas, for example, the head of the state's Workforce Commission is responsible for both overseeing the agency's operations and serving as a "deal maker" between employers and government training programs.

- **Programs should be independently reviewed to evaluate their performance in meeting the needs of a high technology, high-skill workplace.**

An important part of effective coordination of the state's workforce development system is holding the many involved programs and efforts strictly accountable for meeting Minnesota's workforce needs. Training efforts need to be regularly and independently evaluated to determine whether they meet the state's economic needs and whether they are consistent with advancing a skilled workforce.

The federal government requires some performance measures for federally-funded workforce development programs. The state should also continuously review programs across the training spectrum to ensure that they are effectively meeting the state's workforce training needs. Performance measures for workforce training efforts should consider large scale economic issues, such as placement in critical shortage fields, as well as individual worker outcomes like increased wages and job retention.

Recommendation #2: The Legislature needs to invest in increasing the skills of the incumbent workforce and support such investment by employers.

- **The Legislature should develop alternative funding sources and provide expanded public support for incumbent worker training.**

As much as possible, the Legislature should provide incentives and financial support for training for incumbent workers by reallocating funding from existing training programs that are duplicative or unsuccessful.

Minnesota has a well-oiled machine for local governments to assist in the creation of industrial parks and retail development. Critically, they lack tools for investing in the skills of our present and future workers. Additional incentives and tools may be needed to accelerate increased skills in our state's workforce. We need to be as creative in increasing the skills of our incumbent workforce as we have in stimulating real estate development and redevelopment.

The Legislature should also consider funding mechanisms that recapture some of the economic gains that result from new training. One approach, used in Iowa, generates funds for training through tax increment financing (TIF). Under this approach, training is funded through the sale of bonds that are repaid by a portion of the tax revenue generated by the salaries of new employees and from a portion of the new property tax revenues generated by capital improvements to support the new jobs.

- **The Legislature should provide financial incentives to small and medium sized employers to help offset the cost of training incumbent workers.**

Employers know what their immediate training needs are, and can do an excellent job of providing skills to the state's incumbent workforce. However, small and mid-sized firms often need help in investing in the skills of their employees. To the extent that they build the overall skill level of the workforce, properly targeted investments in employer-sponsored training are in the long-term interest of the state.

Providing public dollars to support partnership activities like the Minnesota Job Skills Partnership is one way to support employer-sponsored training for incumbent workers and leverage public dollars with private funds. In order to be a successful workforce investment strategy, however, this kind of approach needs to include clear criteria for guiding funding toward small and medium sized employers and training activities that have a clear relationship to the state's workforce needs. For instance, the Legislature could provide public funding to match employer funds for training for critical vacancies that are identified by wage levels or in key industrial areas.

Offering tax credits to small and medium-sized employers for other training expenses is one strategy that a number of states have adopted. A variety of tax credit arrangements can work, and the Legislature should determine appropriate specific levels and structures. However, any such system should be carefully structured to ensure that funds are used efficiently and genuinely advance a workforce training need.

- **The state should target funding and financial incentives for training at important industry or regional clusters.**

In the highly mobile workplace that characterizes the new economy, employers are sometimes reluctant to train employees when faced with the possibility that they will leave for another firm once their skills are improved. Improving the skills of workers on a larger scale would improve the pool of talent for multiple firms in an industry or region.

Industry clusters are groups of firms that operate in related lines of business, fostering growth, innovation, and efficiency through both competition and cooperation. Successful

clusters in the Twin Cities include computers and software, printing, financial services, medical devices, and machinery and metalwork.

The Citizens League has a long record of support for reorienting public investments and economic development toward Minnesota's strategic industry clusters. Supporting industry clusters is not about picking winners and losers or directing the state's economy. Rather, a successful cluster-based development strategy directs public support to those clusters that emerge from market forces.

A cluster approach to workforce investment would also help ensure that funds are used in areas of broad importance to the state's economy, rather than to single firms. A cluster approach may also offer economies of scale in developing and purchasing training. Within a fully-developed cluster framework, the Legislature could consider strategies like the creation of industry-based institutes for the retraining of employees in high demand areas.

Support for industry clusters should be conditioned on strong, strategic action by the industries themselves. In addition, priority in the allocation of public resources should be placed on those clusters that create high-skill, high-wage employment opportunities.

MnSCU is currently operating a targeted industries initiative which concentrates resources on responding to the needs of specific industries. The City of Minneapolis is also developing a cluster approach to workforce development. Both of these approaches represent the right direction for investments in worker training.

- **The Legislature should develop and fund programs that provide information and incentives to incumbent workers to facilitate increasing their skill level.**

In addition to expanding employer-sponsored training, the Legislature should consider ways of expanding the ability of individual incumbent workers to pursue skills training. The Workforce Investment Act provides for a system of vouchers for unemployed individuals. The Legislature should consider a similar approach for allocating public funding for incumbent worker training. Another option might be to promote individual training accounts, structured like individual retirement accounts, that provide for tax-free, matched contributions to savings accounts that are dedicated to pursuing skills training.

In order to take advantage of training opportunities, incumbent workers need more information about the rewards of training and areas of high-skill career growth. This is particularly true with respect to any use of vouchers or individual training accounts. The state should develop a continuing, broad-based program to ensure that people now in the workforce are aware of the advantages of improving their skills and the resources that can help them secure needed training.

The Legislature should also develop ways of meeting the other financial needs that currently limit the ability of workers to pursue training outside of the workplace, including the need for child care and healthcare.

- **Retraining older workers and keeping them in the workforce should also be a priority.**

The *Help Wanted* report noted the importance of tapping older workers to address the labor shortage facing Minnesota. Unfortunately, older workers are often last in line to receive training, particularly in the high technology fields that are the most in demand.[55]

The Legislature should provide special attention to meeting the skills training needs of older incumbent workers, in order to give them the opportunity to stay in the workforce longer and in high-skill fields.

[55] American Association of Retired Persons, *Valuing Older Workers: A study of Costs and Productivity*, 1995.

Recommendation #3: The Legislature needs to support improvements in the K-12 system to better align the long-term educational pipeline with the needs of the new economy.

The long-term quality of our workforce depends on how we prepare youngsters for the opportunities and challenges they will face in the new economy. Without strong preparation in our K-12 system, our region will not be able to stay competitive.

- **The Legislature needs to support high graduation standards to improve the academic performance of all students, in basic skill areas and in the advanced subjects in science and math that are needed in a highly technical era.**

A comprehensive discussion of the K-12 educational system is beyond the scope of this report. Nonetheless, the committee has heard repeatedly that academic preparation in the primary and secondary grades is critical to success in future educational work and, ultimately, the workforce. The state must stay focused on the need to improve the academic performance of all students, particularly in math and the sciences, in order to build a foundation for a high-skill workforce.

The Citizens League has a long record of support for high graduation standards as a key component in increasing student performance.[56] The role of high standards in building a world class workforce underscores the need to stay focused on their successful implementation. The Legislature needs to regularly review the graduation standards and the Profile of Learning to ensure that they are improving career preparation in the K-12 system.

- **Career guidance and the quality of career counseling at all levels must be improved to better match students and the employer community.**

Good information and counseling are important for students and employer needs to both be met in an efficient manner. In order to make sound academic choices, students need more effective counseling in primary and secondary grades about career opportunities, workforce needs, and the education they need to be prepared to enter high-skill, high-wage fields.

In many schools, overextended counselors can barely keep up with discipline and scheduling activities, leaving them little time to provide career guidance to students. Even under the best of circumstances, student to counselor ratios of 400 or 600 to 1 simply cannot provide any sort of meaningful information and direction to students.

- **The Legislature needs to support programs that provide creative and flexible new ways of connecting students with career information.**

There is a good deal of information available to young people about future careers and academic options. The problem does not appear to be a lack of information about career options, and the solution is not necessarily more public funding for marketing or additional efforts in this area.

What is needed is a broader effort to connect students with the large body of information that is available. Budgetary constraints and the sheer lack of individuals who can serve as counselors means that the gap cannot be filled simply by hiring more counselors.

In discussing this issue, the committee considered a number of approaches, including the establishment of publicly funded career centers in schools, expanded training for teachers and other school employees in the use of new resources, and other efforts to expand the pool of people who can provide counseling.

The important point is that young people don't need more information; they need more guidance in using the growing body of

[56] Most recently in *Straight "A"s for Minnesota's Schools*, February 1997.

information that is available. The Legislature should support programs that give local school systems more tools to connect students with career information.

Particular attention should be given to the continued development of the ISEEK system and to helping teachers and counselors learn to assist students in using it. The program has already taken steps to train teachers and counselors around the state in using the system. Resources should be allocated to seeing that this kind of effort continues.

- **Parents and families need to take a more active role in helping young people make career decisions.**

Career guidance should not rest on employers, teachers, and school counselors alone. Parents, as the first teachers of their children, have a responsibility to help guide their children into academic choices that will prepare them for success in the workforce. Just as the state currently operates programs to provide parents with information to help children make college choices, the Legislature should fund programs to provide career guidance information to parents who may have limited educational and work experiences of their own.

- **Expand school-to-work and work-based learning activities.**

The Legislature should ensure that school-to-work programs continue after federal funding ends. The state needs to ensure that these programs become more successful at defining their goals and measuring their progress. Considerable efforts will need to be undertaken to build support for school-to-work programs by demonstrating to the public that the approach is consistent with a focus on high academic achievement. Demonstrating the success of school-to-work programs and building stronger involvement by employers will be essential to making the approach a meaningful part of the state's workforce development strategy.

- **The Legislature should support programs to convince parents, as well as teachers and counselors, that there are sound alternatives to the traditional four year college track, and that high-paying, personally rewarding careers can be obtained through two-year colleges and other educational institutions.**

Our cultural view of education and career preparation continues to emphasize college as the only option, even though there are many successful careers that require different educational preparation. The point here is not to divert students or "track" them into some pre-determined career. Quite the opposite: the goal is to give students the opportunity to pursue training or educational courses that better fit their own career goals. In other words, if someone wants to enter a high-skill, high-paying career that only requires a relatively short training program, why should we be telling them that they have to pursue a four-year degree at a traditional university or college?

The state currently operates a number of outreach and information programs to help parents guide their children into four-year colleges. The Legislature should broaden the focus of these programs to include the many other educational options available to students.

Recommendation #4: The Legislature needs to give the MnSCU system more incentives and flexibility, coupled with more accountability, to meet the skill needs of incumbent workers and prepare new workers for the needs of the new economy.

Although MnSCU has been developing the ability to respond to the needs of employers through customized training, a successful workforce training system needs to be able to address the skill training needs of workers outside of the specific programs requested by employers. There are numerous examples of colleges in MnSCU that are reorienting some of their programs and schedules to accommodate the needs of incumbent workers. However, these innovations appear to occur at individual institutions without any strategic coordination or direction from the Legislature.

- **Customized training represents one of the strongest strategies in Minnesota's higher education system for addressing the skill needs of employers and incumbent workers, and the state's support for this approach should be expanded and developed.**

Any expansion of customized training will need to be accompanied by information that is more comprehensive on the scope and effectiveness of customized training programs. Although there are many positive reviews of customized training programs, and the approach appears to be successful in meeting employer demands, there is little clear evidence on any sort of comprehensive effect. Clearer knowledge of the overall impact of customized training will be necessary if it is to become a meaningful, strategic element of the state's approach to workforce training.

The MnSCU system is currently developing a system to collect data on customized training. This is a step in the right direction and absolutely needs to be completed. There should also be ongoing independent reviews to evaluate the long-term impact of customized training programs on the state's workforce.

One of the strengths of customized training is that it responds directly to employer needs. At the same time, paying some attention to the needs of workers could help make the approach a more meaningful part of Minnesota's overall workforce training effort. The Legislature should consider ways to encourage colleges and employers to develop customized training courses that provide workers with some broader, transferable skills in addition to the specific skills needed by employers.

The enhanced use of customized training will need to address issues related to the credit that employees can receive for their participation in training programs. Employees need to be able to take some formal credential away from training programs that they can build on as they continue to develop their careers. MnSCU needs to sit down with their faculty and resolve issues related to the instruction of customized training courses for credit, or an alternative system needs to be developed that can give workers the opportunity to build on their training and meaningfully register what they have accomplished.

Expanding support for customized training need not divert attention and resources from the important role that community and technical colleges play in meeting workforce training needs. In fact, efforts should be made to create stronger links between customized training programs and the larger institutions.

- **The Legislature should provide clear incentives to institutions to take broader steps to meet workforce needs and hold institutions accountable for meeting those needs.**

Basing funding formulas for higher education on enrollment alone favors traditional students and does not encourage any particular outcomes for our economy. To encourage systemwide improvements, the Legislature

should develop new funding strategies that emphasize performance over enrollment and give institutions a stake in preparing workers for the areas our state needs.

Providing funding on performance criteria is one way to enhance outcomes from public institutions of higher education. The state should increase the use of performance measures in providing funding to institutions of higher education. Performance criteria should be designed around meeting the state's needs for high-skill workers in critical fields.

One initial approach might be the use of an incentive fund, like that developed in Florida, in which community colleges were given the opportunity to contribute a portion of their budget to a state-matched incentive fund, which granted funds back to institutions based on a series of specific workforce-related outcomes. By putting a small amount of their own budget at risk, colleges were given the opportunity to earn back a larger bonus if they produced workers needed by the state's economy.

- **The state should offer scholarships to encourage individuals, both traditional students and incumbent workers, to pursue educational paths related to key state industries.**

Financial incentives, like scholarships and student loan repayment arrangements, can be an effective way to encourage students to pursue fields of importance to the state's economy. Such incentives can also be structured to keep workers in the state after graduation. Maryland has adopted this sort of approach through the state's Science and Technology Scholarship program, which offers financial support to students who enter designated science and technology programs in Maryland institutions and stay in the state after graduation.

- **The state should develop the use of online learning and virtual universities.**

Numerous public and private institutions around the nation have developed or are developing virtual universities as degree-granting, accredited online educational institutions. These institutions can serve as a tremendous resource for increasing the skills of the incumbent workforce.

There is a service in existence that is named the Minnesota Virtual University. However, it exists as a gateway to information on the state's higher education system. Despite its name, it is not a complete online learning institution that is competitive with the Open University of the United Kingdom or other first rate virtual university programs.

The Legislature should take steps to build the presence of online universities in Minnesota, by encouraging online offerings at public institutions and promoting existing online opportunities in the same way that brick and mortar colleges are promoted.

- **Expand private training providers' access to the individual training market.**

One way to inject greater competition into the system is to make it easier for private, for-profit training providers to participate in the market for individual students. In many cases, private training firms can provide quality, on-demand instruction to meet immediate skill needs. Private firms can also offer instruction on a schedule that better suits the needs of working adults than traditional institutions.

Private training firms are currently required to be licensed as higher education institutions in order to provide their services in the individual market. Of the 100 computer training firms in the Twin Cities, only four are licensed in this manner. The remainder are permitted only to serve corporate clients.

The Legislature should reconsider the licensing requirements for private training firms. Alternative means should be developed to protect consumers from the abuses that led to the current registration requirement in the

first place. Opening the individual market to private competition might also help spur the state's public institutions to respond to the demands of workers and employers.

Recommendation #5: The Legislature needs to orient training programs for disadvantaged and unemployed workers toward bringing individuals into the workforce.

Dealing with the labor shortage will require that we pull more people into the workforce. It is not enough to merely find employment for individuals who need it. Minnesota's strong labor market can take care of that. However, without a strategic approach, individuals will cycle on and off of public assistance, with no long-term prospects for economic success, and without a clear role in meeting the state's workforce needs.

- **Special attention should be paid to meeting the needs of immigrants.**

Recent immigrants and refugees make up a large and growing portion of clients in many training programs for the unemployed. Helping this group of potential workers should be a priority for training programs. English as Second Language, in particular, is one of the primary challenges facing new arrivals and should be a central part of the effort to bring them into the workforce.

- **Policies should be structured to recognize welfare-to-work parents as part of the state's workforce development strategy.**

The *Help Wanted* report supported the work-first approach, but emphasized that it was but the first step in helping disadvantaged workers develop the skills necessary to obtain and retain jobs with career ladders and livable wages.

Many parents who seek to move from welfare to jobs are without basic skills such as eighth grade proficiency in reading and math and the ability to speak and understand English. These potential workers are an important resource for addressing the state's labor shortage. They can fill openings created when incumbent workers move to higher skilled positions.

Instead of focusing only on getting people into any job as quickly as possible, the state needs to take a more realistic approach to bringing welfare recipients into the workforce. In some cases, this will require more flexibility in giving some welfare recipients more training time in order to secure long-term, meaningful employment.

Appendix

Background for the Study

The League's 1998 report, *Help Wanted: More Opportunities Than People*, highlighted the structural and long-term nature of labor shortage in the Twin Cities and statewide.

The report emphasized that far from being an artifact of a hot economy, the labor shortage will be a fact of life for several decades because of demographic shifts in the working-age population, already-high participation rates among working-age people, and skill mismatches for high and low-end jobs.

Many additional issues have sprung from the *Help Wanted* study, none more so than the issue of workforce training. In an economy short on workers, the report argued, the single most important action to maintain economic growth is to improve per-worker productivity. The surest way to do so is to give workers the right skills to be productive in the workplace, and to continue upgrading their skills while in the workforce.

It is widely believed that workforce training and development will be *the* tool for economic development in the future, and will be particularly critical in the new economy, which puts a premium on high-tech and other advanced skills that add value to products and services and improve overall productivity.

The *Help Wanted* report noted that the existing workforce training system fell dramatically short of employers' and workers' needs, but was unable to go into much depth in analyzing the problem and offering solutions, particularly outside of publicly-supported programs for disadvantaged and unemployed workers.

Charge to the Committee

This Citizens League study should provide a workforce training action plan for the year 2000 legislative session. Understanding that "workforce training" encompasses a huge array of issues and institutions – including K-12, higher education, and others – whose full evaluation are beyond the scope of this quick-track study (4-6 months), this Citizens League committee should provide insight into the following questions.

- Why, when so many employers are begging for skilled workers, is the workforce training system not able to supply employers with enough workers with the "right" skills? Why are the demand and supply systems for trained workers not better aligned and linked today?

- How can we realign the existing workforce training system to be *demand* driven (employer driven) instead of driven by *suppliers* of training (i.e. training providers)?

- Are we producing enough workers with the right kinds of skills for an information-based, high-tech economy? If not, why not? What must get done to realign the demand for high-tech workers with the supply side of the high-tech training system?

- What opportunities are available to reform existing training systems? What alternative structures, models, programs, or strategies are available that might complement and/or create competition with the existing workforce training system?

Committee Membership

The Committee on Workforce Training was chaired by Roger Hale. A total of 35 Citizens League members took an active part in the work of the committee through the completion of the study. In addition to Chairman Hale, they were:

Bill Aberman
Martin Adams
Dave Alden
Kelly Altmeyer
Jim Bartholomew
Wendy Brower
Bill Brumfield
Erv Chorn
Ken Dols
Ann Sheldon Duff
Todd Graham
Jean Hammink
Ed Howe
Dave Hutcheson
John Karr
Larry Kelley
Fred Knox
Pradeep Kotamraju
Rich Krohn
Thomas Limond
Gail Morrison
Dan Newman
Patrick O'Leary
Jim Roth
Dudley Ruch
Bernie Ruffenach
Elin Malmquist Skinner
Denise Stephens
Steve Studt
Dale Swanson
Abigail Turner
Reede Webster
Ann Wynia
Nancy Zingale

Meetings and Resource Testimony

The committee met for the first time on April 27, 1999, and concluded its work on September 28, 1999.

The full committee met 16 times, studied a large and varied amount of printed materials, and heard from the following resource speakers:

Duane Benson, executive director, Minnesota Business Partnership
James Burroughs, vice president, chief operating officer and general counsel, Summit Academy
Bill D'Amour, school-to-career coordinator, Minneapolis Public Schools
Terry Egge, assistant vice president for community affairs, ReliaStar
Patrick Fitzgerald, administrator for guidance and related services, Saint Paul Public Schools
Sandy Flynn, director, Thomson University, West Group
Barbara Habhegger, work-based learning specialist, Minnesota Department of Children, Families, and Learning
Thomas Harens, marketing and product manager, Executrain, Inc.
David Hirschey, managing director, Personnel Management, Inc., and vice president of programs, Twin Cities Human Resource Association
Tom Horak, president, Normandale Community College
Roger Hughes, executive director, Minnesota Job Skills Partnership
Ken Keller, senior fellow, Hubert Humphrey Institute of Public Affairs
Jim Korkki, assistant commissioner, Minnesota Department of Economic Security
Rick Krueger, president, Minnesota High Technology Association
Lynne Osterman, workforce development coordinator, Employers Association
Karen Pike, director of TRIO programs, Century Community and Technical College
Shelly Ryan, coordinator, Get Ready! program, Minnesota Higher Education Services Office
Joe Sertich, Ph.D., president, Itasca Community College
Frank Starke, president, Dunwoody Institute
Maureen Steinwall, president and chief executive officer, Steinwall Inc.

Four focus groups were held to solicit additional information for the committee's work.

Meeting Space

Meeting space was generously provided by Minneapolis Community and Technical College.

Staffing

This report was completed by Dave Chadwick, with initial work by Ron Wirtz. Trudy Koroschetz and Gayle Ruther provided administrative support.

WHAT THE CITIZENS LEAGUE IS

The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption.

The Citizens League has been an active and effective public affairs research and education organization in the Twin Cities metropolitan area for more than 40 years.

Volunteer research committees of League members study policy issues in depth and develop informational reports that propose specific workable solutions to public issues. Recommendations in these reports often become law. Over the years, League reports have been a reliable source of information for governmental officials, community leaders, and citizens concerned with public policy issues of our area.

The League depends upon the support of individual members and contributions from businesses, foundations, and other organizations throughout the metropolitan area.

OFFICERS 1999-2000

President
George Latimer

Vice President
Matthew Ramadan

Secretary
Gary Cunningham

Treasurer
Christine Roberts

1999-2000 BOARD OF DIRECTORS

John Adams
Marcia Avner
Scott Brener
Andy Brown
Mike Christenson
Calvin Clark
William Diaz
Kent Eklund
Sally Evert
Laurel Feddema
Richard Forschler
Peter Gove
John Gunyou
Katherine Hadley
Jean Harris
Susan Heegaard
William Johnstone
Lani Kawamura
Steve Keefe
Gene Merriam
Tony Morley
Pam Neary
David Olson
John Pacheco
Felix Ricco
Laura Sether
Missy Thompson
Emily Anne Tuttle
Robert Vanasek
Jane Vanderpoel
Kathleen Vellenga
Lee Pao Xiong

STAFF

Executive Director
Lyle D. Wray

Finance Director
Philip Jenni

Research Associates
Kristine Lyndon Wilson
David Chadwick

Administrative Staff
Trudy Koroschetz
Gayle Ruther

Editor, *Minnesota Journal*
Dana Schroeder

PAST PRESIDENTS

Mary Anderson
Charles S. Bellows
Francis M. Boddy
Alan R. Boyce
John Brandl
Ronnie Brooks
Mike Christenson
Charles H. Clay
Eleanor Colborn
Rollin H. Crawford
Carl "Buzz" Cummins
Waite D. Durfee
Kent Eklund
John F. Finn
Richard J. Fitzgerald
David L. Graven
Walter S. Harris, Jr.
Peter A. Heegaard
James L. Hetland, Jr.
Terry Hoffman
B. Kristine Johnson
Verne C. Johnson
William Johnstone
Jean King
Stuart W. Leck, Sr.
Greer E. Lockhart
Barbara Lukermann
Becky Malkerson
John W. Mooty
Arthur Naftalin
Charles Neerland
Norman Newhall, Jr.
Wayne H. Olson
Leslie C. Park
Malcolm G. Pfunder
Wayne Popham
James R. Pratt
Leonard F. Ramberg
John A. Rollwagen
Charles T. Silverson
Archibald Spencer
Thomas H. Swain
Peter Vanderpoel
Frank Walters
John W. Windhorst

RECENT CITIZENS LEAGUE STATEMENTS

These statements update the League's positions on key issues. No charge for a copy of League statements.

Statement on the Proposed Education Diversity Rule	11-24-97
Letter to the Board of Regents at the University of Minnesota:re:General College	4-10-96
Regional Challenges and Regional Governance	4-8-93
Health-Care Access for All Minnesotans	2-20-92
Testing Health-Care Workers for the AIDS Virus	12-11-91
Light Rail Transit: The Regional Transit Board's Proposal to the 1991 Minnesota Legislature	1-24-91
Letter to Legislature from Community Information Committee re: Financing at the University of Minnesota	4-07-89
Statement on Changing the Fiscal Disparities Law	1-15-88
Statement to the Governor & Legislature on Transportation Financing in 1988	1-04-88
Statement to Legislative Commission re: Road Financing	10-12-87
Statement to University of Minnesota Regents re: Commitment to Focus	7-7-87
Statement to Governor and Legislature on Innovation and Cost Control	4-8-87
Selection of a New State Commissioner of Transportation	10-30-86
Letter to Regional Transit Board re: Metro Mobility Price Competition Ideas	6-12-86
Testimony to Legislature on Bloomington Stadium Site Bill	2-20-86
Letter to Regional Transit Board re: Policy Committee's Study of Metro Mobility	12-6-85
Statement to House Tax Subcommittee on Fiscal Disparities	10-31-85
Statement to Legislature on Preserving Metropolitan Tax-Base Sharing	9-6-85
Statement to Legislature & Metro Council on Bloomington Development Proposal	8-15-85
Statement to Metropolitan Council on Organized Collection of Solid Waste	4-24-85
Statement to Metropolitan Council on Long-Term Care	3-8-85
Statement on Transit Alternatives	1-23-85
Statement on Solid Waste Disposal	1-21-85
Statement to Tax Study Commission	8-22-84
Statement on Light Rail Transit	4-6-84
Statement to Legislative Study Committee on Metropolitan Transit	12-15-83
Statement to Governor's Tax Study Commission	11-22-83
Statement to Minnesota's Highway Study Commission	9-29-83
Statement on the Metropolitan Council's Proposed Interim Economic Policies	8-29-83
Statement to Minneapolis. Charter Commission: Proposal to have Mayor as non-voting member of Council	8-11-83
Statement to Metropolitan Council & Richard P. Braun, Commissioner of Transportation on Preferential Treatment in I-35W Expansion	7-21-83
Statement to Members, Steering Committee on Southwest-University Avenue Corridor Study	7-19-83
Statement to Commission on the Future of Post-Secondary Education in Minnesota	6-22-83
Statement to the Metropolitan Health Board	6-20-83
Appeal to the Legislature and the Governor	4-26-83
Citizens League Opposes Unfunded Shifts to Balance Budget	12-1-82
Longer-Term Spending Issues Which the Governor and Legislature Should Face in 1982	1-18-82
Statement Concerning Alternatives to Solid Waste Flow Control	1-12-82
Amicus Curiae Brief in Fiscal Disparities Case, *filed*	12-17-81
Statement to the Minnesota State Legislature Regarding the Reconstruction Project	12-14-81
Letter to the Joint Legislative Commission on Metropolitan Governance	11-13-81
Statement to Metropolitan Health Board on Phase IV Report	11-4-81
Statement to Metropolitan Council on I-35E	9-24-81
Statement to Minneapolis Charter Commission	7-6-81
Letter to Metropolitan Council re CL Recommendations on I-394	6-23-81

RECENT CITIZENS LEAGUE REPORTS

These reports are the product of the League's unique program of citizen-based research. To order copies, use the form in this report.

Seniors with Disabilities: Getting Ready for the Aging Boom	9-99
What's on the Public Agenda?	5-99
A New Wrinkle on Aging: Baby Steps to 2030	12-98
Help Wanted: More Opportunities than People	11-98
A Competitive Place in the Quality Race: Putting the Univ. of MN in the Top Five	1-98
It Takes a Region to Build Livable Neighborhoods	2-97
Straight "A"s for Minnesota's Schools	2-97
Compete Globally, Thrive Locally: What the Public Sector Should do.....	9-96
Building a Legacy of Better Value: Choose Reform, Not Declining Quality	8-15-95
Effective Transit: Invest in access to jobs and services	1-95
The Case for a Regional Housing Policy in the Twin Cities Metropolitan Area	5-94
Minnesota's Budget Problem: A Crisis of Quality, Cost and Fairness	7-13-93
Results for Citizens, Options for Officials	6-16-92
Reform the Electoral Process, Restore the Public Trust	5-28-92
The Party Caucus: An Inquiry	4-5-91
New Regional Approaches to Library Services: Long Overdue	2-25-91
Large Trucks: A Small Piece of A Larger Problem	1-24-91
Remaking the Minnesota Miracle: Facing New Fiscal Realities	10-8-90
Because That's Where the Money Is: Why the Public Sector Lobbies	6-28-90
Does the System Maltreat Children?	4-3-90
Wiring Minnesota: New State Goals for Telecommunications	11-16-89
Losing Lakes: Enjoyment of a Unique Metropolitan Resource is Threatened	11-8-89
Access, Not More Mandates: A New Focus for Minnesota Health Policy	9-21-89
Community: A Resource for the '90s	7-25-89
The Metropolitan Council: Strengthening Its Leadership Role	3-23-89
Building Tomorrow by Helping Today's Kids	12-16-88
Chartered Schools = Choices for Educators + Quality for All Students	11-17-88
Cut Tax Exemptions, Boost Equity and Accountability	10-20-88
Stopping AIDS: An Individual Responsibility	5-09-88
The Public's Courts: Making the Governor's Nominating Process Statutory	1-28-88
Make the Present Airport Better-Make A New Airport Possible	12-17-87
Cooperatively-Managed Schools: Teachers as Partners	8-05-87
The New Weigh to Recycle	5-22-87
First Class Property Tax System	4-27-87
Start Right with "Right Start": A Health Plan for Minnesota's Uninsured	2-24-87
New Destinations for Transit	10-28-86
Commitment to Focus: More of Both	8-27-86
State Civil Service: People Make the Difference	6-12-86
It's Only a Game: A Lottery in Minnesota	2-11-86
Adaptability--The New Mission for Vocational Education	1-08-86
A Strategy for the Waterbelt	11-22-85
Power to the Process: Making Minnesota's Legislature Work Better	9-19-85
Accountability for the Development Dollar	6-20-85
Building on Strength: A Competitive Minnesota Economic Strategy	11-28-84
A Larger Vision for Small Scale Agriculture	9-25-84
The Metro Council: Narrowing the Agenda and Raising the Stakes	6-07-84
The Region's Infrastructure: The Problem Isn't What You Think It Is	5-30-84
Meeting the Crisis in Institutional Care: Toward Better Choices, Financing and Results	4-24-84
A Farewell to Welfare	2-07-84
Homegrown Services: The Neighborhood Opportunity	11-03-83
Use Road Revenue for the Roads That Are Used	3-02-83
Workers' Compensation Reform: Get the Employees Back on the Job	12-15-82
Thought Before Action: Understanding and Reforming Minnesota's Fiscal System	10-26-82
The CL in the Mid-80s	9-22-82
Making Better Use of Existing Housing: A Rental Housing Strategy for the 1980s	5-19-82
Rebuilding Education to Make It Work	5-04-82
A Positive Alternative: Redesigning Public Service Delivery	3-24-82

For titles and availability of earlier reports, contact the Citizens League office at 612/338-0791

CITIZENS LEAGUE PUBLICATIONS

PRICE LIST

Use the coupon below to order any reports or statements and copies of:

- **Minnesota Homestead Property Tax Review 1999**
  (October 1999 issue of the *Minnesota Journal*) $2.00

- **1999 Public Affairs Directory**

	Members	Non-members
1 copy	$15.00	$20.00
2 - 10 copies, *each*	$12.00	$16.00
11 copies or more, *each*	$9.00	$12.00

Postage and Handling: $1.50 1st copy; $1.00 each additional copy

STUDY COMMITTEE REPORTS

1 copy	FREE	$10.00
2 - 10 copies, *each*	$5.00	$ 9.00
11 copies or more, *each*	$4.00	$ 8.00

==========

CITIZENS LEAGUE PUBLICATIONS

ORDER COUPON

Quantity	Publication	Cost
_____	_____	$_____
_____	_____	$_____
_____	_____	$_____
	Subtotal:	$_____
	Postage & Handling: (PAD only)	$_____
	Total:	$_____

Ship to: Name _____

Address _____

City, St, Zip _____

Phone _____

Form of payment: Check enclosed:_____ Credit card:
Visa____Master Card _____Discover_____

Account #_____Exp. Date_____
Signature_____

I am interested in receiving Citizens League membership information:____

Return form to: Citizens League, 708 So. Third St, Ste 500, Minneapolis, MN 55415
or fax: (612) 337-5919

CITIZENS LEAGUE
708 South 3rd Street
Suite 500
Minneapolis, MN 55415

Phone: 612-338-0791
FAX: 612-337-5919
email: info@citizensleague.net
www.citizensleague.net

MEMBERSHIP APPLICATION

Name _____ Home Phone

Address _____

City _____ State _____ Zip Code

Employer _____ Work Phone

Work Address _____ Work FAX

City _____ State _____ Zip Code

Email address _____

Spouse Information (If family membership)

Name _____

Employer _____ Work Phone

Work Address _____ Work FAX

City _____ State _____ Zip Code

Please ask your employer if the League qualifies for a matching grant from your company.

✔ **Membership level**

____	Donor	$1,000 and over
____	Sustaining	$500 - $999
____	Supporting	$200 - $499
____	Contributing	$100 - $199
____	***Family**	**$75**
____	**Individual**	**$50**
____	Student	$20
____	*Enclose what you can afford*	

✔ **Method of payment**

____ Check enclosed ____ Bill me

____ Visa/Mastercard ____ Discover

Card # _____

Exp. Date_____

* Family membership entitles you to a second *Minnesota Journal*. Please indicate the name and address of the second recipient.

_____

_____

_____

_____

Mail this form to: Citizens League
708 South 3rd St., Suite 500
Minneapolis, MN 55415

For more information:
call (612) 338-0791
or email info@citizensleague.net

How Can You Get Involved?

Being a member of the Citizens League says you care about what happens in Minnesota and believe that good policy depends on good information. League membership also gives you the opportunity to help shape public policy. League membership offers these additional benefits:

Minnesota Agenda - Study Committees

League members develop an understanding of issues and build solutions to problems. This League approach is nationally recognized as a model for citizen-based policy research.

Speak Ups! - Public Issues Face to Face

Small groups gather in member's homes for two-hour public policy discussions with a moderator to guide the process. Speak Ups! are designed for people who want to be involved but don't have time to spend on a study committee.

Citizens League On-Line

Visit our web site at www.citizensleague.net. The League home page includes excerpts from meetings, reports and the *Minnesota Journal*. It also includes a calendar of events and enables you to keep up with League committees and other activities.

Mind-Openers, Networks and other meetings

Breakfast and lunch meetings, after hours networking receptions and co-sponsored forums provide an informal setting for public officials, business and community leaders to discuss and debate timely issues.

Minnesota Journal & *Matters* Newsletter

Succinct coverage of public affairs issues and ideas for busy people. And updates on upcoming League meetings and other pertinent information.

Public affairs
research and education
in the Minneapolis-St. Paul
metropolitan area

Citizens League

708 South 3rd Street
Suite 500
Minneapolis, Minnesota 55415